



# Region-Wide Fare Increase Analysis

City Council Work Session  
March 21, 2013



# Key Policy Questions to Consider

**What share of operating costs should customers pay?**

**What is an equitable way to raise that revenue?**

**How should this be balanced with ridership goals?**

**How should this be balanced with quality of service goals?**



# History of DATA Fare Levels

## July 2003 Base fare was raised from 75-cents to \$1.00

- No Customer Groups Were Eligible to Ride Free
- Same Buying Power as \$1.25 Today

## Council decisions to allow free access for groups

- November 2003 – Children 5 and Younger
- January 2005 – Adults 65 and Older
- April 2005 – Youth 6 Through 12
- August 2010 – Bull City Connector and NCCU ID Holders on NCCU Connection Between Campus and Downtown

## Additional discounts provided

- City Employees Ride Free
- Youth 13 Through 17 Pay 25-Cents per Boarding until 8pm
- Duke GoPass Discounted Rate



# Coordinated Regional Evaluation

**Durham, Raleigh, Cary, and Triangle Transit staff participated**

- Reviewed Agency Trends Using NTD Data
- Compared Fare Prices with Southeastern Peers
- Modeled Impacts of Changes on Revenue and Ridership

**All agencies bringing forward same proposal**

- Joint Public Comment Process
- Joint Title VI Analysis (Equity across customer groups)
- Independent, but Coordinated Decision-Making



# Current Usage of Fare Types

## DayPass purchased on bus is most common (39%)

- Price is \$2.00, Good for Unlimited Boardings Throughout Day
- Average Use is 3.8 Boardings per Pass = 53 Cents per Boarding

## 22% of customers qualify to ride free

- Bull City Connector, Seniors, Youth, Employees

## 5-Day, 7-Day, or 31-Day Passes are used by 18%

## GoPasses are used by 10%

- Customers Do Not Pay

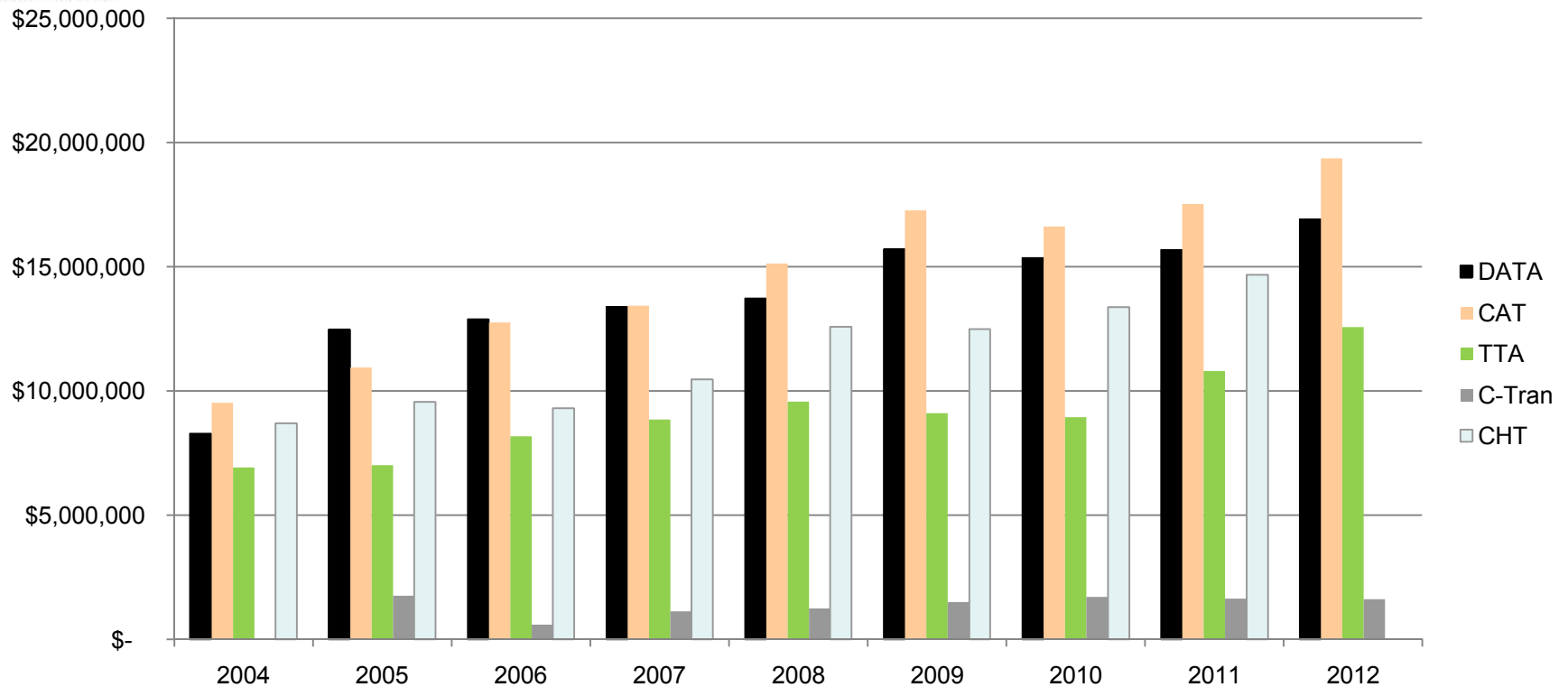
## Only 6% of customers pay a one-way cash fare

## Another 5% use regional passes to connect with TTA



# Trends from FY2004 to FY2012

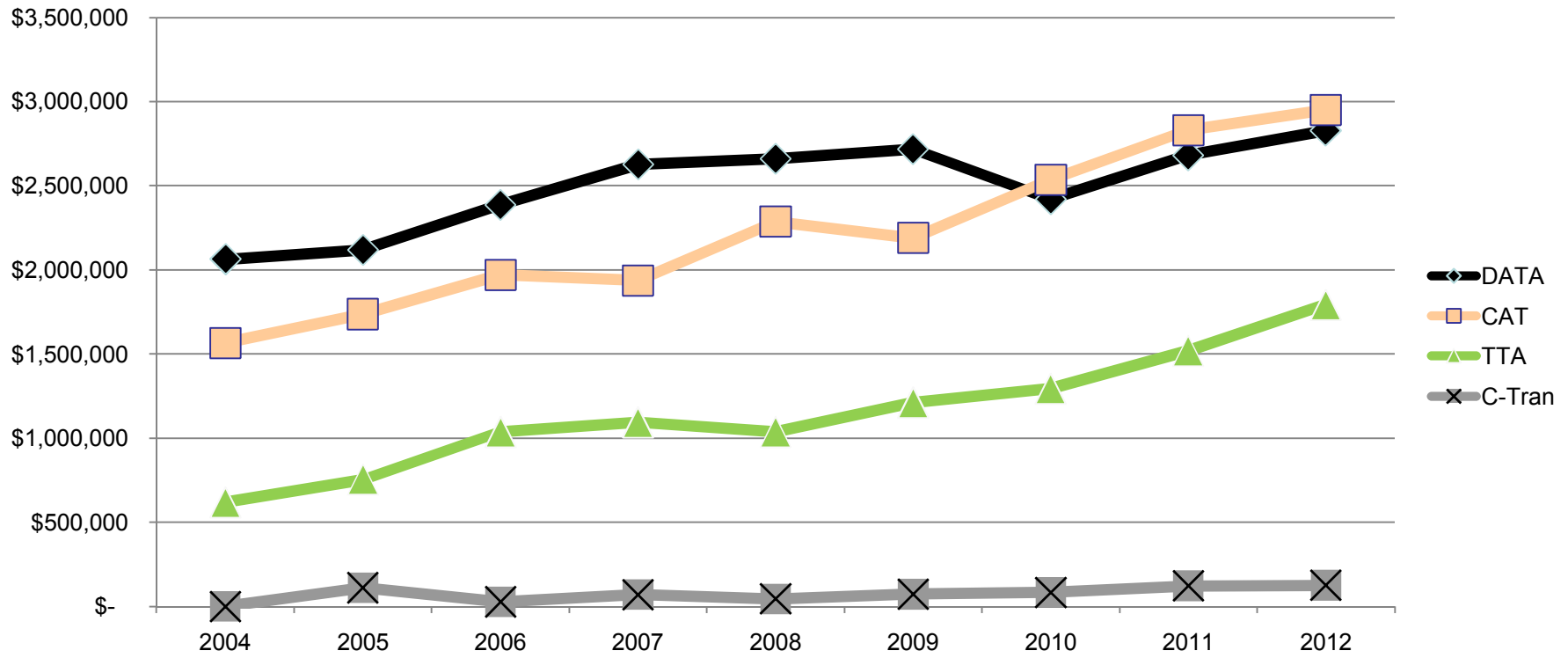
Modest Growth in Service Hours and Operating Costs  
Per Hour Drive Growth in Total Operating Costs





# Trends from FY2004 to FY2012

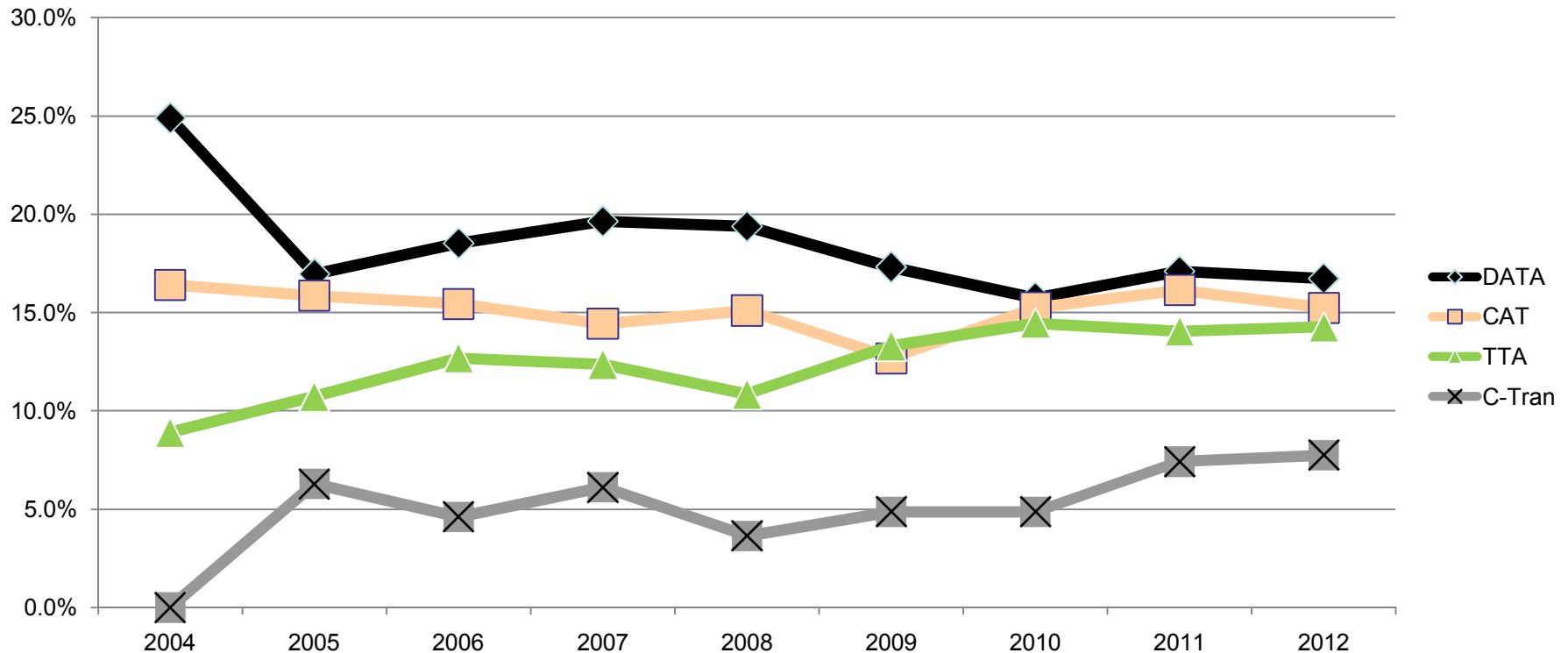
Fare Revenue Has Grown from \$2.1M to \$2.8M





# Trends from FY2004 to FY2012

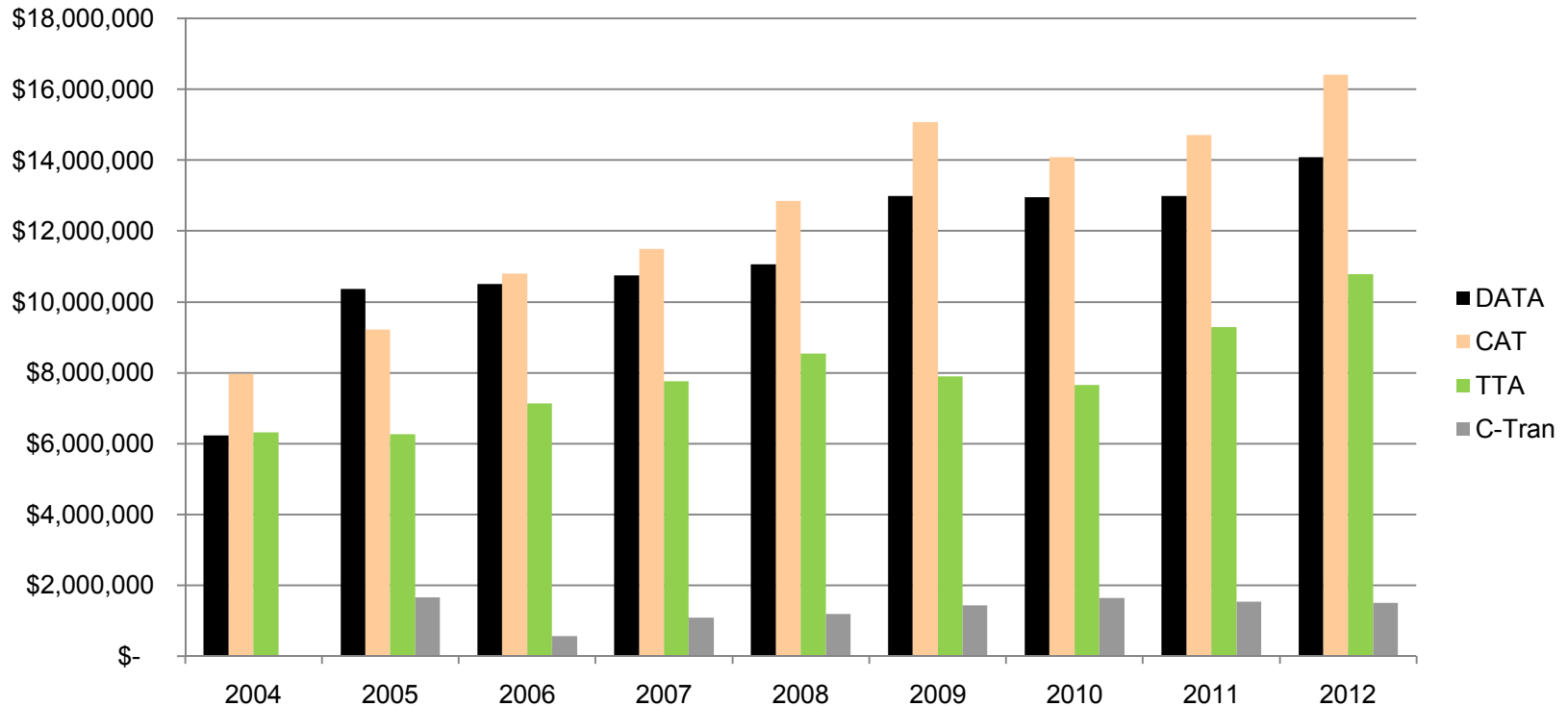
## DATA's Percent of Operating Costs Covered by Fares





# Trends from FY2004 to FY2012

Gap between costs and fare revenues has grown from \$10.4 Million to \$14.1 Million





# Peer Cities

## In-State

- Winston-Salem, Greensboro, Charlotte

## Identified with Online Peer Tool

- Charleston (SC), Knoxville (TN), Lexington (KY), Fort Wright (KY)

## Identified During DBBS

- Chattanooga (TN), Savannah (GA), Columbia (SC), Charleston (WV)

## Neighboring State Capitals

- Atlanta (GA), Nashville (TN), Richmond (VA)

## Other Southeastern Agencies

- Hampton Roads (VA), Rappahannock (VA)



# Peer Comparison

## Selected agencies in the Southeast

- In-State Agencies
- Agencies Identified with an Online Tool Created by State of Florida
- Agencies Identified During DBBS
- Good Match with Durham Poverty Level

## Primary findings of comparison

- Local Cash Fare (\$1.00) and DayPass Price (\$2.00) are Low
- Free Ride and Discounted Customer Categories are Generous
- Youth/Student Discounts are Common
- Of 18 Peer Agencies, Only 3 Have Lower Farebox Cost Recovery



# New Fare Scenarios

## Two Step

- In January 2014, 25-Cent Increase for Local and Regional Base Fares; 50-Cent Increase for Express Base Fare
  - DayPass and 31-Day Pass Prices Increase 25% (\$2.50 Day / \$45 31-Day)
  - No Change in Price of 7-Day Pass (\$12)
  - Begin Charging Half-Fare for Seniors and Students 6-18 (60 cents, ½ pass prices)
  - Sell \$25 Stored Value Cards for \$20 (effective DayPass price of \$2.00)
- In January 2015, Another 25-Cent Increase for Local and Regional Base Fares; 50-Cent Increase for Express Base Fare
  - DayPass, 7-Day Pass, and 31-Day Pass Prices Increase 20% (\$3.00 Day/ \$14.50 7-Day/ \$54 31-Day)
  - Seniors and Students (75 cents, ½ pass prices)
  - With Stored Value Card, effective DayPass price of \$2.40



# New Fare Scenarios

## One Step

- In January 2014, 50-Cent Increase for Local and Regional Base Fares; \$1.00 Increase for Express Base Fare
  - DayPass and 31-Day Pass Prices Increase 50% (\$3 Day/ \$54 31-Day)
  - 7-Day Pass Price Increases 20.8% (\$14.50)
  - Begin Charging Half-Fare for Seniors and Students 6-18 (75 cents/ ½ price passes)
  - Sell \$25 Stored Value Cards for \$20 (effective DayPass price of \$2.40)



# New Fare Scenarios

## Two Step Alternate

- Cash Increases are Lower, Pass Increases are Same as Two Step
- In January 2014, 10-Cent Increase for Local; 20-Cent Increase for Regional Base Fares; 25-Cent Increase for Express Base Fare
  - DayPass and 31-Day Pass Prices Increase 25% (\$2.50 Day / \$45 31-Day)
  - No Change in Price of 7-Day Pass (\$12)
  - Begin Charging Half-Fare for Seniors and Students 6-18 (55 cents, ½ pass prices)
  - Sell \$25 Stored Value Cards for \$20 (effective DayPass price of \$2.00)
- In January 2015, 15-Cent Increase for Local, 30-Cent Increase for Regional Base Fares; 50-Cent Increase for Express Base Fare
  - DayPass, 7-Day Pass, and 31-Day Pass Prices Increase 20% (\$3.00 Day/ \$14.50 7-Day/ \$54 31-Day)
  - Seniors and Students (75 cents, ½ pass prices)
  - With Stored Value Card, effective DayPass price of \$2.40



# Impacts of Two Step Fare Increase

## January 2014 increase of 25%; DayPass costs \$2.50

- Raises Additional \$390,000 (13% Higher than Base) in FY2014
- Reduces DATA Customer Boardings by 274,000 (4% Lower)
- Reduces ACCESS Customer Boardings by 900

## January 2015 increase of 20%; DayPass costs \$3.00

- Raises Additional \$890,000 (29% Higher than Base) in FY2015
- Reduces DATA Customer Boardings by Additional 833,000 (12%)
- Reduces ACCESS Customer Boardings by 2,800

## FY2016 no additional increase

- \$1.13M More Fare Revenue than No Change Scenario (36% Higher)
- 946,000 Fewer DATA Customer Boardings (13%)
- 3,900 Fewer ACCESS Customer Boardings

## Review fares in FY16 and every 3 years thereafter



# FY14 Fare Increase Factors

## **Duke GoPass +\$130,000**

- Renegotiating Terms (~\$100,000)
- Higher Base Fare (~\$30,000)

## **DATA Fare Increase of 25% +\$138,100**

- Assumes 10% Increase in Fare Results in 4% Decrease in Boardings

## **Student Fares +\$48,300**

- Currently Free Up Through Age 12, 13-17 Pay 25-Cents per Boarding
- Proposal that Ages 6-18 Pay ½ Fare (\$1.25 DayPass) January 2014

## **Senior Fares +\$51,600**

- Currently Free for Ages 65 and Better
- Proposal That This Group Pays ½ Fare (\$1.25 DayPass) January 2014

## **ACCESS Fares +\$22,000**

- Twice the Price of DATA Cash Fare
- Every 10% Increase Results in 3% Decrease in Boardings





# Proposed Process

## Public Comment

- Each Agency Seeks Approval to Proceed by End of March
- Public Comment Process April – June
- Public Hearings in June

## Title VI Analysis

- Required by FTA for Agencies with 50+ Peak Vehicles (Triangle Transit and Raleigh)
- Raleigh Would Hire Consultant to Conduct Analysis
- Work to be Completed by June

## Decision-Making

- June-July to Inform Budget and Allow 6 Months to Prepare for Implementation



# Questions



# FY14 Budget Overview

## **FY14 fare and rate increases required to support operations**

- Decreased revenue is main driver
  - One time funding sources used in prior years
  - Decreased state and federal funds
- Expenses relatively flat to prior year budget

## **Additional capital requirements in future years**



# FY14 Budget

## Total Revenue \$19.7M

- Bus Fares/Go Pass \$3.4M
- Federal/State \$6.2M
- License Tax \$2.2M
- Real Estate Fee (3.23 cent) \$7.7M
- Other \$200K

- Total Expenses \$21.4M

- DATA \$16M
- ACCESS \$3.2M
- Triangle Transit \$743K
- Triangle Transit ACCESS \$108K
- City \$1.3M
- Capital \$46K

**“Gap” = \$1.7M**



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